



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

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September 12, 2007

Ms. Carolyn H. Toft, Executive Director
Landmarks Association of St. Louis, Inc.
917 Locust – 7th Floor
St. Louis, MO 63101

RE: Fiscal Monitoring Report of Landmarks Association of St. Louis, Inc.
(Project #2007-CDA33)

Dear Ms. Toft:

Enclosed is a report of our fiscal monitoring review of Landmarks Association of St. Louis, Inc. (Contracts #06-60-06 and #07-60-06) for the period January 1, 2006 through March 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Landmarks Association of St. Louis, Inc. Our fieldwork was completed on May 14, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients. If you have any questions, please contact Ishmael Ikpeama at (314) 589-6113.

Sincerely,

Sedrick D. Blake, CPA, MBA
Audit/Fiscal Executive

Enclosure

cc: Lorna Alexander, Fiscal Coordinator, Community Development Administration



CITY OF ST. LOUIS

***COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)***

LANDMARKS ASSOCIATION OF ST. LOUIS, INC.

***CONTRACTS#06-60-06 & #07-60-06
CFDA #14.218***

FISCAL MONITORING REVIEW

JANUARY 1, 2006 THROUGH MARCH 31, 2007

PROJECT #2007-CDA33

DATE ISSUED: AUGUST 12, 2007

***Prepared by:
The Internal Audit Section***



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
LANDMARKS ASSOCIATION OF ST. LOUIS, INC.
CONTRACTS #06-60-06 & #07-60-06
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH MARCH 31, 2007**

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INTRODUCTION

Background

Contract Name: Landmarks Association of St. Louis, Inc.

Contract Program: Planning for Preservation CFDA #14.218

Contract Numbers: 06-60-06 & 07-60-06

Contract Period: January 1, 2006 through December 31, 2006
January 1, 2007 through December 31, 2007

Contract Amount: \$83,140 & \$40,000

Contracts #06-60-06 & #07-60-06 (Document #52624) provided Community Development Block Grant (CDBG) funds to Landmarks Association of St. Louis, Inc. – Planning for Preservation to preserve, enhance, and promote St. Louis’ architectural heritage and to encourage sound planning and good contemporary design. The Agency participated in conducting educational seminars, research projects, issuing publications, special events, and was an advocate of preservation.

Purpose

The purpose of our review was to determine Landmarks Association of St. Louis, Inc.’s compliance with federal, state and local CDBG requirements for the periods January 1, 2006 through March 31, 2007. We will make recommendations for improvements if necessary.

Scope and Methodology

We made inquiries regarding Landmarks Association of St. Louis, Inc.’s internal controls relating to the grant administered by the Community Development Administration (CDA), tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was completed on May 14, 2007. Management’s responses were received on June 29, 2007, and have been incorporated into this report.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND
MANAGEMENT'S RESPONSES**

CONCLUSION AND SUMMARY OF CURRENT OBSERVATIONS

Conclusion

Landmarks Association of St. Louis, Inc. (Agency) did not fully comply with federal, state and local CDBG requirements.

Status of Prior Observations

The Agency's previous Fiscal Monitoring Report dated November 7, 2005 noted one observation:

- Health insurance cost was overstated on final personnel schedule. **(Resolved)**

A-133 Status

According to letters received from the Agency, it was not required to have an A-133 Status report for calendar year 2006 because it did not expend \$500,000 or more in federal funds for the year.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDBG requirements:

1. The Agency over-billed the grant for payroll expenditures.
2. Employee time reports were approved by management prior to their completion.

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1. The Agency over-billed the grant for payroll expenditures.

The Final Personnel Schedule should show the actual time and cost charged to the Block Grant. The Final Personnel Schedule for the 2006 contract shows the percent of time charged to the Block Grant for the Executive Director Position at 80% for the last four months of the year, September through December. We reviewed the Executive Director's payroll and time sheets for these months. According to the time sheets, the Executive Director worked less than the 80 percent charged to the grant. The difference between the actual time worked according to the time sheets and the amount of time charged to the contract resulted in questioned costs of \$2,965.11. The actual salary per pay period for the Executive Director was \$6,051.25.

Period - Calendar Year 2007	Salary Billed (80% of \$ 6,051.11)	Percent Hours worked per CDBG Time Sheet	Actual Salary based upon Percent Hours Worked	Questioned Cost (Excess of Salary Billed over Actual)
September	\$ 4,841.00	72	\$ 4,356.90	\$ 484.10
October	\$ 4,841.00	61	\$ 3,691.26	\$ 1,149.74
November	\$ 4,841.00	70	\$ 4,235.88	\$ 605.13
December	\$ 4,841.00	68	\$ 4,114.85	\$ 726.15
Total	\$ 19,364.00		\$ 16,398.89	\$ 2,965.11

Recommendation

We recommend the Agency repay the \$2,965.11 to CDA. It should submit a check for \$2,965.11 payable to the Comptroller's Office, Federal Grant Section, 1114 Market St., 6th Floor, St. Louis, MO 63103. The check should reference Fund #1163 and Center #1422606.

Management's Response

Please know that the Agency respectfully disagrees with your findings which contend that the Executive Director's actual time and cost worked on the Block Grant contract amounted to less than the time and cost charged to the contract. Please find

1. Continued...

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outlined below, alternative computations and additional information which support the Agency's position.

- 1. Your Observation contends that the Agency overcharged payroll expenditures for the Executive Director's salary charged to the Block Grant during the 2006-contract fiscal year, however your summary excludes from the analysis the first eight months of the 2006-contract fiscal year. When the Executive Director's time and charges for the entire Block Grant contract fiscal period are included in the analysis, the results indicate gross payroll costs actually worked on Block Grant activities totaling \$544.61 more than the amount charged to the Block Grant. ...*
- 2. Your Observation ignores the fact that the Agency's Executive Director is a salaried employee who is paid for only 40.0 hours of work per workweek. During the workweek, she is charged with first fulfilling her responsibilities required under the Block Grant contract and thereafter, tending to administrative duties. Because there are no payroll charges for overtime hours worked, those hours should not be considered in the computation of percentage of time worked on Block Grant activities. Instead the denominator in this calculation should include only those hours available for CDBG activities (other than Holidays, Vacation days and Sick days) occurring during the period included under the contract. To find otherwise would penalize the Agency for unpaid overtime hours the Executive Director spent on administrative tasks for which she was not compensated. ...*
- 3. In reviewing her records, the Executive Director has found evidence of hours worked on CDBG related activities during the contract period, which were not recognized on her timesheets as submitted previously. ...*

Auditor's Comment

Management response 1.1:

Internal Audit did review the some of the payroll for the first eight months. We are aware that the Executive Director's time charged to CDBG activities was higher than the budgeted 15%; however, the contract agreement was only to reimburse 15% of the salary.

1. Continued...

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Any payroll charges over the approved budget were not reimbursable, and therefore, could not be credited to the Block Grant.

Management Response 1.2:

Internal Audit did not use any indirect hours (such as holidays, vacation, etc.) in our calculation of the percentage of time spent on CBDG activities. The Agency charged 80% of the Executive Director's salary to the grant, but did not substantiate 80% of her direct hours worked on CBDG activities on her time sheets.

Management Response 1.3:

The additional hours were neither submitted to nor reimbursed by CDA.

We stand by our recommendation.

2. Employee time reports were approved by management prior to their completion.

CDA policy guidelines require the Agency to have strong internal controls regarding time reporting, in which the Agency's management signs and approves all time sheets provided by each employee, at the end of the pay period. We reviewed time sheets for the current period and noticed Agency management was pre-approving time sheets. Management pre-signing time reports shows a poor approval process for employee hours worked. This could ultimately result in non-reimbursable payroll expenses or questioned costs.

Recommendation

We recommend Agency management sign and approve all employee time sheets at the end of the pay period upon submission.

Management's Response

The Agency's Management does not dispute your findings and wishes to take the steps necessary to bring into compliance with your recommendation, the practice cited.